



# Wealth Markets and Commerce



## The New War Tax Law

The new law analyzed and reduced to a convenient reference for the busy man.

We have in press now and ready for immediate revision

1—The New War Tax Bill annotated and indexed  
2—Revised income tax chart

The new law is conveniently arranged for reference. The chart shows how it affects incomes ranging from \$2,000 to \$3,000,000.

Requests for this War Tax Literature are being placed on file and copies forwarded immediately after the bill is signed by President Wilson.

**The National City Company**  
National City Bank Building  
New York

## Finance - Economics

WALL STREET OFFICE:  
Mills Building, 15 Broad St.

Telephone:  
Hanover 6514

Thursday, September 27, 1917.

With no indications of any easing of the money situation, the stock market came almost to a standstill. Traders showed little disposition either to buy or sell stocks, and the net result was an extremely narrow price movement. Dealings barely exceeded 400,000 shares. The principal movement of interest was the rise in the Liberty Loan 3½ per cent bonds, which sold at a premium of \$1.40 per \$1,000 bond, a new high record for the government issue. For several weeks there has been steady accumulation of the 3½s by individuals of means, who see in these bonds perhaps their last opportunity to obtain government securities which are tax exempt. Slight improvement in the general bond market is also apparent. Railroad bonds are said to have taken on a degree of firmness that is surprising in view of the approaching government offering. Municipal bonds continue in good demand.

It will take some time, perhaps two or three months, before the steel market will reflect to any marked extent the fixing of prices by the government. For this reason the fact that the average price of eight leading steel products stands this week at \$106.51, a decline of \$2.33 a gross ton from a week ago, means little. The trade has not yet had time to adjust itself to the changed conditions brought about by government interference. Plates, for example, are still being quoted at 8 cents a pound, against the fixed price of 3.25 cents, and bars and beams at 4 cents compare with a government price of 2.9 and 3 cents, respectively. Other products for which have not been established so far are still quoted at last week's level, and these will naturally have to be adjusted. Steel billets are quoted at \$60 a ton, a decline of \$5 a ton, but a further reduction is necessary to bring them into line with pig iron and finished steel products. It is estimated in the steel trade that when all adjustments have been made the average price of the eight leading steel products will range around \$75 a ton. This will compare with a high record of \$120 a ton made early this year.

Complaints of a serious shortage of labor are being heard in many lines. Railroads, as well as industrial companies, are feeling the burden. The steady rise in the wage scale is a reflection of the general situation in the labor market. The New Haven Railroad has just announced that it has taken steps to employ younger and older men in the operating department. The age limit heretofore have been twenty-one to thirty-five years, but now the bars have been let down and the road will take men into its employ who range from eighteen to sixty years. It is stated that the new limits take in men not subject to the draft act, and will tend to reduce to a minimum applications for exemptions due to industrial occupation that would otherwise prevail in respect to railway men.

An interesting development has taken place in the Southern labor market in recent weeks. Reports from the cotton belt say that cottonseed oil mill operators have been much surprised to find when the season opened an increase in the labor supply. The skilled negro operatives, hundreds of whom went North last fall and winter and during the spring, have come back, and they expect to stick to the South. While the proportion of the negroes returning is small compared with the number who migrated northward, the movement is nevertheless looked upon in the South as significant.

## Money and Credit

Despite the belief in many quarters that efforts would be made on the part of the bankers to bring about a substantial reduction in interest rates in the local money market, no such development took place yesterday. At the Stock Exchange the supply of funds for call loan purposes was barely sufficient to meet the day's demands, and as a result the ruling rate was maintained at 6 per cent level established on Tuesday. A small amount of money loaned at 5½ in the middle of the day, but the rate quickly returned to 6 per cent. Little credence is given in financial quarters to the reports in circulation the last day or two to the effect that the government might fix a limit beyond which interest rates would not be permitted to go.

The demand for time loans was only by Stock Exchange securities secured yesterday, but owing to the absence of anything like a normal supply rates held firm at the levels established earlier in the week. Some loans against industrial collateral were reported at 6 per cent, which is the prevailing rate for all maturities. Loans against a mixture of railway and industrial se-

curities were held at 5½ to 6 per cent, with not much business transacted. Ruling rates for money yesterday, compared with a year ago, were as follows:

Call money.....	Yesterday, 6%	Year ago, 2 3/4%
Time money (mixed collateral):		
60 days.....	5 1/2 to 6%	3 to 3 1/4%
90 days.....	5 1/2 to 6%	3 to 3 1/4%
120 days.....	5 1/2 to 6%	3 to 3 1/4%
180 days.....	5 1/2 to 6%	3 to 3 1/4%
240 days.....	5 1/2 to 6%	3 to 3 1/4%

**Commercial Paper.**—The tight money situation is reflected in the commercial paper market, where the tendency of rates continues upward. While most of the business moved yesterday on a 5½ per cent basis, brokers reported some transactions at 5½ per cent.

**Official rates of discount for each of the twelve Federal districts are as follows:**

	Over 1500	Over 1500	Over 1500
	less 1000	less 1000	less 1000
Boston.....	3 1/2	4	4
New York.....	3 1/2	4	4
Philadelphia.....	3 1/2	4	4
Cleveland.....	3 1/2	4	4 1/2
Richmond.....	3 1/2	4	4 1/2
Atlanta.....	3 1/2	4	4 1/2
Chicago.....	3 1/2	4	4 1/2
St. Louis.....	3 1/2	4	4 1/2
Minneapolis.....	3 1/2	4 1/2	4 1/2
Kansas City.....	3 1/2	4	4 1/2
Dallas.....	3 1/2	4	4 1/2
San Francisco.....	3 1/2	4	4 1/2

**Bank Clearings.**—The day's clearings at New York and other cities:

	Exchanges	Balances
New York.....	\$621,520,630	\$70,865,782
Baltimore.....	7,113,791	1,146,372
Boston.....	35,744,270	6,796,379
Chicago.....	77,436,475	5,286,270
Philadelphia.....	57,738,914	6,676,206

**Sub-Treasury.**—New York banks gained from the Sub-Treasury \$7,183,000.

**Silver.**—Bars in London, 51½d, a decline of 2½d; New York, \$1.01½, off 1½c; Mexican dollars, 79c, a decrease of 5c.

**Bank of England.**—LONDON, Sept. 27.—The weekly statement of the Bank of England showed an increase in gold holdings of the institution amounting to \$32,829. The proportion of reserve to liabilities now stands at 19.50 per cent, compared with 19.23 per cent a week ago. No change was made in the bank's discount rate, which remains at 5 per cent. The statement, with the changes from a week ago, follows:

Gold.....	\$55,204,115 Inc.	\$372,839
Reserve.....	\$39,630,515 Dec.	143,000
Notes res.....	29,992,640 Dec.	117,000
Circulation.....	41,131,515 Inc.	516,000
Public dep.....	44,284,857 Inc.	3,520,000
Other dep.....	121,702,116 Dec.	6,533,000
Gov. sec.....	58,189,328 Inc.	44,000
Other sec.....	93,154,240 Dec.	2,868,000

**Bank of France.**—PARIS, Sept. 27.—The Bank of France, in its weekly statement, reports the following changes from a week ago, in francs:

Gold holdings.....	Inc.	1,825,000
Silver holdings.....	Inc.	151,000
Notes in circulation.....	Inc.	38,773,000
General deposits.....	Inc.	187,011,000
Bills discounted.....	Inc.	4,121,000
Treasury deposits.....	Inc.	6,233,000
Advances.....	Dec.	4,478,000

**The Dollar in Foreign Exchange.**

Russian rubles broke under 17 cents yesterday, falling to 16½. The fresh weakness of Petrograd exchange was associated with the statement issued by the Russian Minister of Finance showing that expenses of the war up to September 14 had amounted to 41,000,000,000 rubles, or \$20,500,000,000, on the normal exchange basis. Russia's war costs are steadily increasing, it is stated, owing to the demand for higher wages and the increased price of necessities.

Another advance in Spanish exchange, which sold at 24 cents, up ½ cent from the day before, was looked upon as a natural result of the embargo on gold exports to Spain. Scandinavian gold exports were strong, with Stockholm cables rising to 34.30 cents, the highest level in weeks.

Closing rates yesterday, compared with a week ago, are given in the table below. American bankers have suspended all dealings in German and Austrian exchange, so that daily quotations for either marks or kronen are no longer available.

(Quoted dollars to the pound.)	Week	Year
Sterling, demand.....	\$4.75 1/2	\$4.75 1/2
Sterling, sixty days.....	4.71 3/4	4.71 3/4
Sterling, cables.....	4.76 1/2	4.76 1/2
Sterling, ninety days.....	4.69 3/4	4.69 3/4

(Quoted units to the dollar.)	Week	Year
France, demand.....	5.78 1/2	5.78 1/2
France, cables.....	5.77 1/2	5.77 1/2
Liège, cables.....	7.74	7.74
Liège, cables.....	7.73	7.73
Swiss, cables.....	4.73	4.69
Swiss, cables.....	4.70	4.66

(Quoted cents to the unit.)	Week	Year
Guillemots, cables.....	42 1/2	42 1/2
Guillemots, cables.....	16.50	17.25
Rubles, cables.....	34.00	33.60
Copenhagen, kr., chks.....	30.80	30.60
Copenhagen, kr., chks.....	24.00	22.80

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity, as calculated by the United States Mint:

	Current	Exchange	Intrinsic
Pounds, sterling.....	\$4.75 1/2	\$4.75 1/2	\$4.86 1/2
France.....	17.3	17.3	17.3
Guillemots.....	0.42	0.42	0.42
Rubles.....	0.16 50	0.16 50	0.16 50
Liège, cables.....	0.12 9	0.12 9	0.12 9
Crown (Denmark).....	0.30 80	0.30 80	0.30 80
Crown (Sweden).....	0.34 00	0.34 00	0.34 00

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling at, say, \$4.75 1/2. The intrinsic value is \$4.86 1/2. Thus, you pay 10 cents more for the pound than it is worth in gold. This is owing to the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

## Silver Drops on Report China Is Out of Market

London Gives Cue for Break of 4 7-8 Cents in Price Here

Reports from Shanghai that China, a heavy buyer of silver for several months past, has suddenly withdrawn from the market were largely responsible for a break of 4½ cents yesterday in the local quotation for bars. This is the latest break in silver prices in a single day since the armistice that preceded the ending of the Russo-Japanese War, in 1905.

The price tumbled 2½ pence overnight in London, a development which was quickly translated into a fall of 4½ cents an ounce in New York. At yesterday's price of \$1.01½ the bar silver quotation here showed a loss of 6½ cents an ounce from the high level recently established.

While dealers in bullion were not surprised at the turn taken by silver in view of the steady upward movement of the last three months, they were somewhat taken back by the spectacular character of the day's break. In some quarters peace talk was regarded as an important factor bearing upon the market, but most of the trade looked to developments in the Far East as the real cause of the decline.

**News From China Awaited**

A representative of one of the largest bullion houses in the financial district said last night they were awaiting specific information from Shanghai regarding the evident disposition on the part of Chinese silver traders to hold out of the market. China sold about 50,000,000 ounces of her silver supply to India and other countries last year, when the price of the metal began to climb.

Beginning early this year, the Chinese began to buy metal to replenish their supply, and the demand from this quarter, supplementing the increased world-wide demand for the metal for coinage purposes as a result of the war, has since June been the most important factor in the silver market. An embargo on all silver imports into India, made effective the first of this month, has also shut off another source of demand.

**Interesting War Development**

The rise in silver from the price of 47 cents an ounce in 1914, before the outbreak of the war, to the recent high record of \$1.01½, made early this week, has been one of the interesting developments of the war period. For one thing, it has resulted in the bullion value of silver coins in some countries rising to and exceeding in some instances their circulating or face value. The following table shows the price per ounce of silver at which the bullion value of the silver in the coin is equal to the face value in the country of issue:

	Face value in U. S.	Pure silver, which equals its face value, in cents.
Coin.....		
U. S. dollar.....	100	129.293
do half dollar.....	50	64.646
Canadian dollar.....	100	138.241
Philippine peso.....	50	246.912
do half peso.....	25	123.456
Mexican peso.....	50	246.912
do half peso.....	25	123.456
German mark.....	20	77.512
British shilling.....	20	80.722
French franc.....	100	148.271
German mark.....	20	77.512
British shilling.....	20	80.722
French franc.....	100	148.271
Indian rupee.....	100	165.000

\*Standard coins of other countries in Latin Union have same ratio.

**Relevant Facts**

**United Railroads of San Francisco.**—The annual report for the year ended June 30, 1917, gives gross operating revenues of \$7,458,142, compared with \$7,761,743 for the year preceding. Net earnings after expenses and taxes were \$2,205,940, a decrease of \$3,208,094, and surplus totalled \$992,091, against \$1,270,610 a year ago.

**Scovill Manufacturing.**—An extra dividend of \$10 a share has been declared by this company, in addition to the regular quarterly disbursement of \$2 a share, payable October 1, to stockholders of record September 24. Extra dividends of \$10 monthly have been paid since May, 1916, with the exception of August, 1917, when \$15 was declared. Total dividends so far this year are \$120 a share.

**Money and Prices:**

	New	A year ago
Stock of money gold in the country.....	\$3,060,991,378	\$2,548,241,473
Loans of all national banks.....	\$8,818,132,000	\$7,679,167,000
Their surplus reserve.....	\$41,931,000	\$61,000,000

	Yesterday	The day before	A year ago
Average price of 15 railroad stocks.....	103.34	103.58	123.27
Average price of 12 industrial stocks.....	91.09	90.12	101.00

	Yesterday	The day before	A year ago
Food cost of living (Annalist index number).....	276.798	273.006	186.687

	Unfilled U. S. Steel orders, tons.....	Unfilled U. S. Steel orders, tons.....	Unfilled U. S. Steel orders, tons.....
	10,407,049	10,844,164	9,660,357
	104,772	107,820	103,346

**Production:**

	1917, Sept. 27, estimated.	1916, Sept. 27, actual.	1915, Sept. 27, actual.
Wheat, bushels.....	668,000,000	639,886,000	639,886,000
Corn, bushels.....	3,248,000,000	2,932,241,000	2,932,241,000
Cotton, bales.....	12,499,000	11,356,944	11,356,944

**Distribution:**

	Sept. 1, 1917	Aug. 1, 1917	Aug. 1, 1916
Net unfilled freight car requisitions.....	31,591	33,776	19,873

**Gross railroad earnings.....**

	Sept. 1, 1917	Aug. 1, 1917	Aug. 1, 1916
Bank clearings.....	1,149	1,137	1,354

**Commercial failures.....**

	Sept. 1, 1917	Aug. 1, 1917	Aug. 1, 1916
Bank clearings.....	1,149	1,137	1,354

\*Gold held by Reserve agents against circulation included in general fund beginning June 23, 1917. For purposes of comparison it is included in the 1916 figures.

year, including the regular quarterly payments, amount to \$113 a share, and for the year 1916, \$111 a share was paid.

**Swan and Finch.**—Directors have resumed payment of dividends by debentured 2½ per cent, payable November 1, 1917. This is the first distribution since March 31, 1913, when 5 per cent was disbursed.

**Second Avenue Railroad.**—Receiver Andrew E. Kalbach announces that interest will be paid on the \$3,140,000 outstanding receiver's certificates, at the rate of 6 per cent per annum, for the six months ended October 1, 1917. The certificates, dated October 1, 1917, and due October 1, 1918, will also be issued to holders of the old certificates who care to make the change. The new certificates will be redeemable at the option of the receiver on April 1, 1918, at par and accrued interest.

**Lehigh Valley.**—This company announced yesterday that because of the commandeering of its lake vessels engaged in the merchandise package trade between Chicago and Buffalo, the service had been discontinued. Four boats were operated in this service and all of them have been ordered taken over by the government for use in the Atlantic trade.

**American Water Works and Electric.**—Gross earnings reported by this company for the year ended June 30 last show an increase more than offsetting the higher cost of fuel, labor, supplies, together with increased taxes. The showing of the subsidiary companies operating in the Pittsburgh district was especially good, owing to the extraordinary business activity in that section of the country as the result of the war.

The report calls attention to the reduction during the year of \$399,000 in the amount of bonds of the company outstanding, and the liquidation of greater part of the bank loans of subsidiary companies due on annual installments to 1920. These loans, which amounted to \$2,617,000 at the time the company was reorganized, in April, 1914, had been reduced to less than \$350,000 last June.

The company's net income account compares as follows:

	1917	1916
Proportion of net earnings of sub. water companies.....	\$688,356	\$653,156
Div. declared pfd. stock West Penn. Trac. & Water Power (9 mos.).....	139,266	
Inc. other invests. and bank allow.....	710,393	713,654

Total income.....	\$1,538,016	\$1,366,810
Exp. and taxes.....	75,434	67,719
Total deductions.....	813,438	789,958

Net earnings.....	\$648,234	\$509,133
Earnings of the subsidiary water companies as carried to the books of the American Water Works and Electric Company for the year ended June 30, follow:		
Gross earnings.....	\$4,501,306	\$4,118,044
Gross exp. and taxes.....	1,804,132	1,542,579

Net earnings.....	\$2,697,174	\$2,575,465
Inc. chgs., etc.....	2,008,817	1,922,308

Prop. chgs. due Am. Water Works & Elec. Co.....	\$688,357	\$653,157
The West Penn. Trac. and Water Power Company resumed payment of dividends on its preferred stock December 31, 1916, and this added \$185,688 to the cash income of the American Water Works and Electric Company up to June 30 last.		

**Two Lose Seats on 'Change; Another Member Suspended**

**Acted as Principals and Brokers in Same Transactions, Is Charge**

Herbert C. Taylor and John W. Cornwell, members of the Stock Exchange, were expelled from that institution yesterday for "wilful violation of the constitution and proceedings in consistent with just and equitable principles of trade." H. D. Lewis was suspended for two years under similar charges.

The direct charge against the brokers was that they had been found guilty of acting in the capacity of principals and brokers in the same transactions, which is a violation not only of the rules of the exchange, but also of the laws of the state.

Mr. Taylor was a member of the firm of Charles E. Quincy & Co., of 80 Broadway, and was admitted to membership on the exchange May 26, 1912. Mr. Cornwell has his headquarters at 100 Broadway; he became a member of the exchange on October 27, 1914. Mr. Lewis has been a member since June 3, 1912.

**News Digest**

**Foreign**

**London Awaits Fresh War Borrowing.**—LONDON, Sept. 27.—Money was scarce to-day owing to the demand for Treasury bills and the withdrawal of some American balances. Discount rates were firm.

The stock market developed a good tone, but business was slack pending announcement of the details of fresh war borrowing. Argentine rails and Brazilian bonds continued to improve, and a large business was done in rubber, shipping and copper shares at hardening prices.

**Paris Bourse.**—PARIS, Sept. 27.—Trading was quiet on the Bourse to-day. Three per cent rentes, 60 francs 60 centimes for cash. Exchange on London, 27 francs 18 centimes. Five per cent loan, 28 francs 25 centimes.

**New York**

**To Establish Credit Institute.**—Improvement of the business and credit standards of the country is the object of a movement which, it was announced yesterday, is being undertaken on a nation-wide scale by the National Association of Credit Men. It is the establishment of a national institute of credit. J. H. Tregoe, secretary-treasurer of the